



NUQUL GROUP

SINCE 1952

NUQUL
GROUP

COMMUNICATION ON PROGRESS REPORT 2010



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact**.

We welcome feedback on its contents.

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1. CEO Message

As we publish our third Communication on Progress (COP) Report to the UN Global Compact (UNGC), we renew our commitment to the principles of the UNGC and we believe that our continued growth depends on our ability to reach out to our stakeholders and to create value for them. We continue to demonstrate our commitment to being a responsible corporate citizen by delivering top quality product, service, and life to our shareholders, employees, customers and communities.

In this report we present our performance from a “4P” perspective; displaying the impact of our operations on Profit, People, Product and Planet.

In 2010, we were able to increase our shareholder value through increased revenues, while we continued to add value to all of our stakeholders through strategic community investments and continued development of local human resources.

We are always seeking to identify new ways to reach the optimum satisfaction of our customers, not only by providing top quality products, but also by improving the sustainability performance of our products in order to create a quality life for our customers. In 2010, we committed ourselves to adopting a life cycle management approach for our products, and we are currently exploring means of improving the environmental and social impact of our products across the entire life cycle, from extraction of material all the way down to disposal.

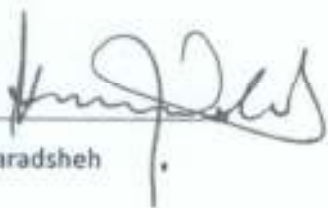
We realize that our employees are a driving force for sustainable growth and prosperity, and we are always striving to create the best working environment to drive their productivity and support their professional and personal aspirations.

In addition, we continue to support the social development of the communities we operate in through strategic community investment and development projects. In 2010, we launched the Al-Koura District Micro-Venture Fund which we hope will not only create significant value for Al-Koura community, but will also stand out as a successful community investment model that would be adopted by other organizations.

We realize that we operate within the limitations of available natural resources, and we recognize that we bear the responsibility to preserve these resources not only for the sake of our business continuity, but also for the best interest of future generations.

Our corporate slogan “Growing Together” tells our story and describes our true aspiration of becoming a leading corporate citizen, “Growing Together” connects all of our stakeholders and promises value for our shareholders, employees, customers, communities and the environment, and we are committed to delivering on this promise.

Fine Hygienic Holding CEO



Salim Karadsheh

2. Company Profile

Nuqul Group

Nuqul Group was established in 1952 as Nuqul Brothers Company by its founder and Chairman of the Board, Elia Nuqul. Nuqul Brothers Company at the time was a modest business operating in the importing and distribution of foodstuffs. The company later evolved to become a recognized name and a reputable business in both Jordan and Palestine.

In the later years, and due to a multitude of factors, from a small Jordanian market to existing trade barriers among the Arab States, Nuqul’s Management ventured on a business strategy that focused on integrated industries, expansion and diversification.

Due to this strategic venture, Nuqul Group became a leading regional diversified industries conglomerate comprising 29 regional and global companies with its core business in hygienic paper products, exports to over 45 markets globally, and employing over 4,000 employees in the Middle East and North Africa (MENA) Region and the Americas.



Our Core Group Operations

Our core operations generate about 90% of revenues and they consist of hygienic personal care and paper products primarily under the FINE brand. Our integrated core operations also include our raw material and paper converting Mill facilities in Jordan and Egypt.

Our customers comprise of wholesalers, traditional traders (groceries, Bakallah, minimarkets), modern traders (hypermarkets, supermarkets), restaurants, hotels, banks, companies and educational institutions. Nuqul Group products are distributed in over 45 countries; however manufacturing facilities for our core products are found or are being commissioned in the following countries:

Country	Company
Algeria	Tissue Doux SARL
Egypt	Fine Al Bardi Al Sindian Paper Mill (PM1, PM3)
Iran	Sarve Caspian Hygienic Paper Industries

Country	Company
Jordan	Fine Hygienic Paper Company Al Keena Hygienic Paper Mill Company Al Snobar Hygienic Paper Mill Company Specialized Industries Company Perfect Printing Press
Kuwait	Middle East Paper Products Company
Morocco	Moro Tissue SARL
Saudi Arabia	Hygienic Paper Company Limited
Sudan	Al Mutamaiza for Industrial Investments – FINE
United Arab Emirates	Fine Hygienic Paper F.Z.E

The Group also operates trading sites in Lebanon and Palestine and has a joint venture with Svenska Cellulosa Aktiebolaget (SCA) Group, a Swedish company specializing in personal care products, forest products, tissue, and packaging.

Our Mission

Nuqul Group is a leading enterprise devoted to providing customers with the highest quality products and services. We strive to achieve success in our investment, always adhering to the strictest ethical and world class standards. We place high priority on investing in our human resources and in servicing our communities.

Our Core Values

Our People are our Capital	Our Sense of Belonging	Our Pursuit of Excellence	Our Winning style
<ul style="list-style-type: none"> • Our Family • Equal Opportunity • Fulfillment • Keeping the Balance 	<ul style="list-style-type: none"> • Ownership • Pride • Passion • Integrity 	<ul style="list-style-type: none"> • Quality • Technology • Efficiency • Our Social Responsibility 	<ul style="list-style-type: none"> • Focus • Trust • Fact-based Decisions • Responsibility and Authority • Accountability and Reward • All for One and one For All • Relationships • Value Creation

Awards and Recognitions

Nuqul Group Companies have been the recipient of numerous awards. From 'Investor's Award of Excellence' to 'Superbrands status,' the awards given to Nuqul Group are testament to the Group's

commitment to innovation, excellence, and quality in all facets of the business. Below are the most recent accolades, awarded to Nuqul Group’s core operations.

Business Units	Awards and Certificates
FINE Jordan	Received the “Investor’s Award of Excellence” from the Jordan Industrial Estates Corporation
Perfect Printing Press	Received the “Social security encouragement award for health and safety 2010” from the Social Security Corporation
FINE UAE	Awarded the Superbrands status for its tissue products Certificate of Appreciation from Dubai Autism Center

3. Governance and Sustainability Management

Governance in Nuqul Group

The Board of Directors at Nuqul Group believes that effective corporate governance is key to the integrity of the corporation and central to its stability. Corporate governance in the Group is built on adherence to laws, regulations and a number of best practices. Such practices are consistent with the Board's values and responsibility to define the risk appetite of the group and effectively oversee the Group's strategy, evaluate and compensate Group executives, and strengthen the Group and protect stakeholders' interests as well as the community at large.

29% independent directors in our board of directors

Accordingly, the Board of Nuqul Group has adopted the basic elements of Corporate Governance to name a few:

- Board of Directors Manual
- Audit Committee Charter
- Management Development and Compensation Committee Charter
- Core values and Code of Conduct which embody equal opportunity, transparency and integrity.

The Board Manual and the committees' charters outline the role, responsibilities and modus operandi of the Board, as well as defining its relationship with the executive management.



Ensuring Integrity in Governance

To ensure the integrity of our governance system, the Nuqul Group Board Charter not only outlines the Board's mandate but sets selection criteria for determining the qualifications and expertise of the members guiding the Group's strategy and fulfilling that mandate. The Charter also provides direction

for the board members in order to avoid conflicts of interest and ensure the implementation and maintenance of prudent and effective controls.

We seek to reinforce the values found in our Code of Conduct as well as our Mission Statement through various actions from awareness sessions, to our web portal, to email correspondence and official circulars and regular department meetings. Our commitment to and compliance with national and international laws and standards such as the UN Global Compact (UNGC) is ensured through financial and business audits that are conducted periodically, and for further assurance, Lloyd’s of London conducts biannual audits of our systems and performance and Ernst and Young conducts financial audits.

Effective Leadership at Nuqul Group
<ul style="list-style-type: none"> • Providing a framework of prudent and effective controls, which determines and manages risk
<ul style="list-style-type: none"> • Adopting key elements of Corporate Governance such as a Board of Directors Manual, Audit Committee Charter, Management Development and Compensation Committee Charter, Core values and Code of Conduct principles which embody equal opportunity, transparency and integrity
<ul style="list-style-type: none"> • Setting the Group’s values and standards and ensuring its obligations to stakeholders are met
<ul style="list-style-type: none"> • Responsibly addressing the concerns of all stakeholders and related parties including employees, customers, suppliers, government institutions and the wider community
<ul style="list-style-type: none"> • Assessing the performance of the Board and Management in implementing strategic business plans, meeting agreed upon goals and objectives, and monitoring the reporting of performance
<ul style="list-style-type: none"> • Establishing committees to oversee the audit and compensation functions
<ul style="list-style-type: none"> • Compensation in accordance with the Board Charter

Promoting Ethical Responsibility

UN Global Compact (UNGC), through Principle 10 inspires businesses to work against fraud in all its forms, including extortion and bribery. Accordingly, Nuqul Group has well-defined ethical policies and guidelines setup to prohibit the payment of commission or gifts of any kind.

UNGC Principle 10:
Businesses should work against corruption in all its forms, including extortion and bribery

In addition to the existing anti-corruption policies found in the Group’s Code of Conduct, we have launched a Corporate Integrity Hotline to provide the employees in the organization with a system to report unethical behavior. This initiative began with an organization-wide employee training that covered: identifying incidents of corruption, proper use of the Hotline, methods of reporting, and the impact of such cooperation on the organization.

We are continuously holding awareness sessions and distributing informative brochures seeking to prevent the occurrence of any corruption incidences.

Management Systems

To facilitate the implementation of our strategies we have developed management and audit systems, with the oversight of the Business Planning and Development Department, so as to nurture the growth

of the group, while identifying and managing economic, social, and environmental risks and opportunities that can affect the business and its stakeholders.

Our management systems are focused around the Group Standard Manual (GSM), a set of systematically developed manuals that cover all organizational functions and activities. The GSM acts as the Group's DNA, describing the Group's identity, role in community, quality of products, services, and all the processes involved in the delivery of our products and services. This comprehensive GSM incorporates best available techniques and practices so as to maintain our leadership position in the region.

Within a changing global system directed towards the achievement of sustainable development, and driven by sustainability management, we seek to sustain the implementation of the Group's GSM at all levels. This is achieved through the implementation of a scoring methodology for all our business units, encouraging competition for the highest score while guaranteeing minimum acceptable score, and therefore compliance with our GSM.

For Nuqul Group Business Units to be GSM Certified; they shall:

- **Be in conformance with all the requirements of all GSMs**
- **The GSM Certification Award will be granted to the Company upon full compliance with the requirements of the GSM.**
- **Each BU is audited annually by the Systems & Procedures Certified Lead Auditors.**
- **The Company that has been audited and certified to be in conformance with the GSM requirements may publicly state that it is "GSM certified".**
- **Certification to the GSM standards and Procedures does not guarantee the compliance (and therefore the quality) of end products and services; rather, it certifies that consistent business processes are being applied.**

Sustainability Management

Our Sustainability Framework captures the key elements of our sustainable growth, the priority areas we directly address through our various management systems and our 5-point strategy to activating sustainability in our organization. The 5-point strategy aims to capture this inspiration as well as the fundamental transformations required to accelerate the uptake of sustainability at Nuqul Group. These strategies apply not just to our core operations, but can apply across all Nuqul Group companies.

In 2010 we have started exploring the possibility of recruiting a sustainability specialist as part of our organizational structure, to support the implementation of our sustainability strategy at the Group level and build capacity for sustainability in all our business units.

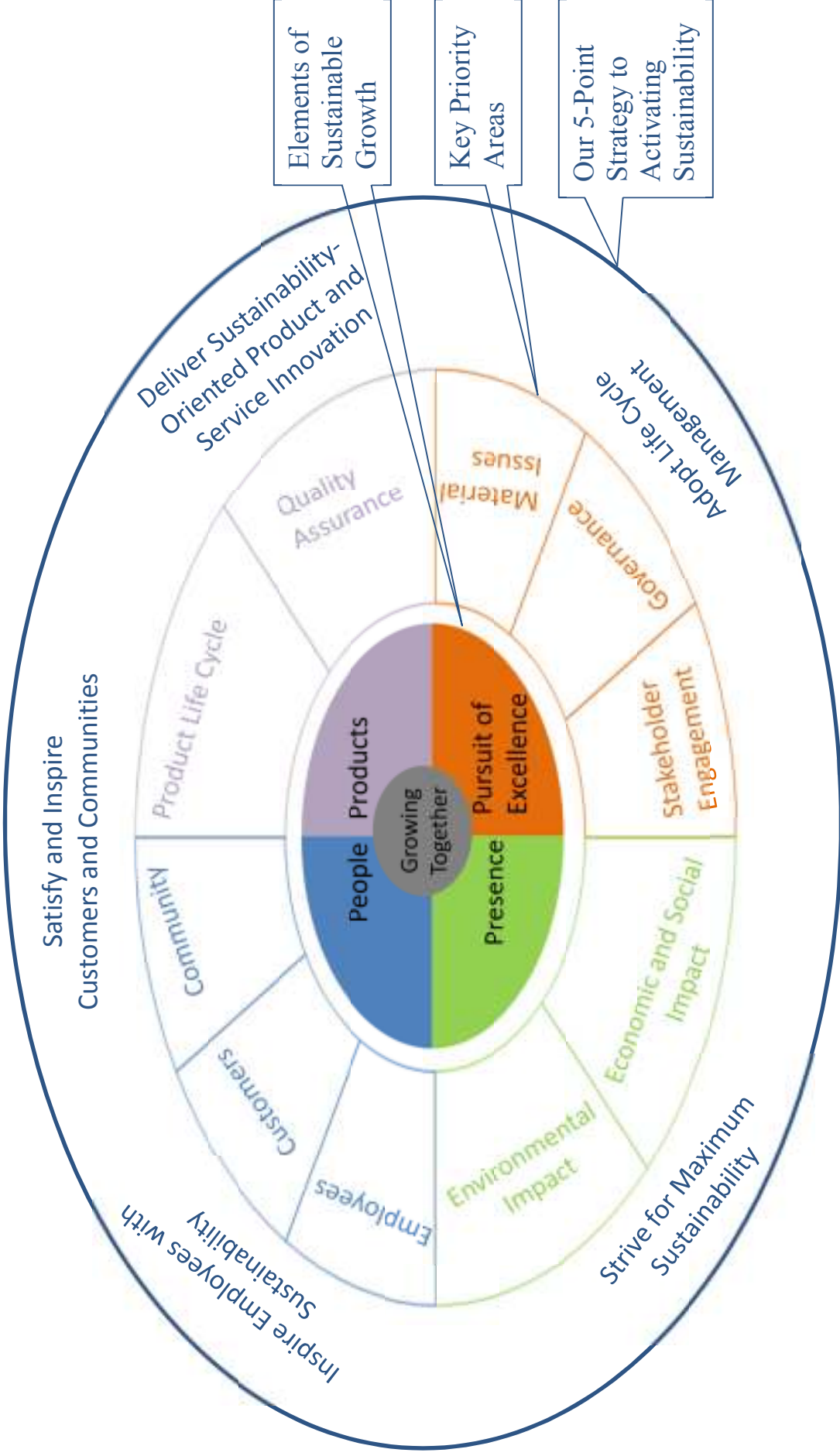


Figure 1: Nuqul Group Sustainability Management Framework

Sustainability Management Framework

Our management framework was developed around what we identified as the key elements for our growth, including:

- Presence
- People
- Products
- Pursuit of excellence

These elements guided our strategy, tackling priority areas relevant to each one of the four elements. Our sustainability strategy, with five focal points, takes on a pyramid shape, starting from the base where we believe that a taskforce focus, to inspire our people with sustainability, will result in a chain reaction, and the impact will travel up the pyramid to influence our operations, our overall performance, our products and eventually our customers and consumers, towards achieving sustainable development for our business and our stakeholders.

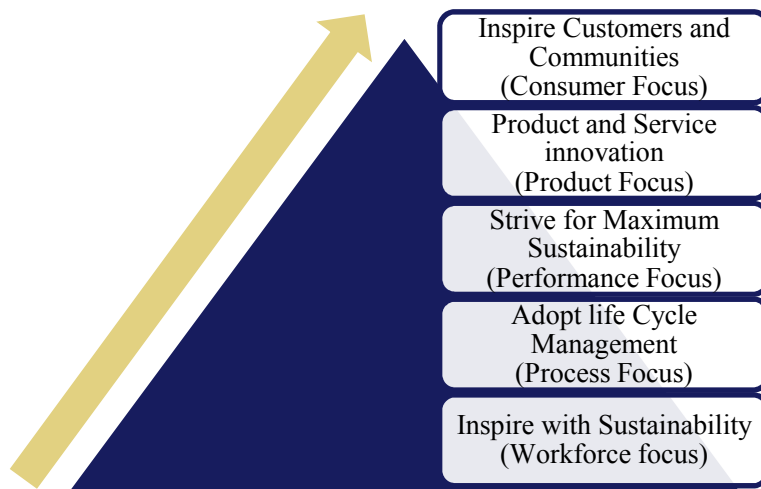


Figure 2: Nuqul Group's Sustainability Strategy

Inspire with Sustainability –Taskforce Focus

We aim to use sustainability elements to foster an unprecedented wave of inspiration and focus within our workforce, which will translate into benefits for our customers and their families, our corporate customers, our business partners, the environment and the community.

Adopt Life Cycle Management Perspective –Process Focus

Through a life cycle approach we aim to influence actors at all life cycle phases, with the added understanding that this management perspective may significantly alter and enhance our business over time. In the short term, we also expect to continue to be able to reduce costs while improving environmental performance.

Strive for Maximum Sustainability – Performance Focus

We continuously strive to reduce our net environmental impact towards zero over the long-term. We work closely and extensively with our business partners and stakeholders to co-innovate. At the same time we seek to continuously better understand our economic and social impacts and presence, and to systematically improve them accordingly.

Deliver Sustainability-Oriented Product – Product Focus

We aim to generate a new wave of products driven by sustainability insights, escalating our already extreme commitment to product quality, and we wish for our products and brand to ultimately be synonymous with sustainability, where the use of our products serves as a well-known and respected signal that the user is a conscientious champion of sustainability.

Satisfy and Inspire Customers and Communities – Consumer Focus

Millions of people use our products. If we can communicate our product innovations and demonstrate their added utility to the customer, we can both improve customer satisfaction, while increasing overall appreciation for sustainability and inspiring actions by others. Naturally, we hope that this in turn can translate into more loyalty and demand for our sustainability-oriented product innovations.

4. Engaging Our Stakeholders

We take great care and pride in how we build long-term relationships with all stakeholders and respect the roles of employees, customers, suppliers, private and public sector agencies. At Nuqul Group we believe it is the only route to “Growing Together”. We seek to continuously communicate with our stakeholders for insights on their key concerns as relates to our operations, and we always try to create partnerships that would contribute to improving our sustainability performance.

Stakeholder	How We Engage	Our Understanding of their priorities	Our Response
Government	<ul style="list-style-type: none"> • Meetings and seminars • Regulatory inspections and audits • Official letters/websites • Regular inspections by civil defense. • Memberships in • Government associations 	<ul style="list-style-type: none"> • Compliance with government regulations as relates to social , labor, environment and business practices • Provision of products and services in accordance with safety and hygiene standards 	<ul style="list-style-type: none"> • Continuous compliance with government regulations • Participation in several regulatory committees • Participation in workshops and seminars conducted by governmental bodies • Participation in national awards to support the direction of the government
Employees	<ul style="list-style-type: none"> • Strategy & business planning process • Management review meetings and retreats • Team and company meetings • Newsletters and bulletins • Intranet/Portal • Policies/Systems & Procedures • Employee Performance Development Evaluation (PDR) • Social activities and events. • Contracts 	<ul style="list-style-type: none"> • Clear direction and communication • Feedback and performance reviews • Training, career growth and development • Optimum work conditions and fair benefits • Employee engagement, motivation and empowerment • Exposure to relevant knowledge and experience • Accessibility to Group systems and information 	<ul style="list-style-type: none"> • Complying to local labor law • Continuous market surveys to update and upgrade the compensation and benefits. • Development opportunities • Motivation programs and awards (monetary and non-monetary) • Clear authorities and responsibilities • Collective bargaining agreements • HR strategies for development, implementation, and improvement.
Suppliers	<ul style="list-style-type: none"> • Prequalification meetings • Day to day liaison • Regular performance review • Continuous efforts for process/product improvement 	<ul style="list-style-type: none"> • Timely payment • Proactive engagement and fair contracts • Favorable working conditions • Opportunities for growing partnerships 	<ul style="list-style-type: none"> • Ongoing Six Sigma projects with 3M (one of our major suppliers) to enhance our products and processes. • Ongoing project with Henkel aimed at reducing the consumption of Glue for our diaper production. • Contracts including technical support terms to improve our products and reduce waste.
Customers	<ul style="list-style-type: none"> • Events & tradeshows • Promotional material • Customer service center • Website 	<ul style="list-style-type: none"> • Affordability (Value for Money) • Quality of products and services • Effective and efficient customer service 	<ul style="list-style-type: none"> • Documented procedure for customer services and orders handling • Regular and planned customer visits from both technical and sales team • Customer survey, feedback and complaints handling system. • Sustainability of products quality supported by effective quality control and monitoring systems. • Offers of promotions and rebates

Stakeholder	How We Engage	Our Understanding of their priorities	Our Response
Communities	<ul style="list-style-type: none"> Needs assessment report engaging representatives from the community and identifying needs. Continuous media involvement through news, exposure and interview opportunities. Direct campaigns organized by our employees interacting with the community. Workshops and events in the area: micro venture approach, launch of library among other projects 	<ul style="list-style-type: none"> Investing in addressing contentious community issues such as youth education, poverty alleviation, skills development among others 	<ul style="list-style-type: none"> We tailor our projects to meet community needs and to be in line with our direction at the same time. Working with the youth in the area to create a network of graduates who are ready to enter the market. Equipping the community with the financial needs to establish micro ventures that will generate a positive impact and represent a direct response to their needs. Collaborating with local partners to ensure sustainable support of community specific projects
Environment	<ul style="list-style-type: none"> Monitoring Protection Measurements Programs 	<ul style="list-style-type: none"> Reducing our significant environmental impacts Investing in addressing contentious environmental issues such as water shortage Improving our products and services environmental impact 	<ul style="list-style-type: none"> Environmental management plans Compliance with existing regulation to protect environment and future generations, Improving the environment by implementing environmental programs regarding the noise, the illumination, and energy savings. Reduction of our solid waste. Re-engineering of products to improve the used raw material and its consumption, accordingly to improve the environmental parameters.

Memberships and Affiliations

Nuqul Group has membership in various associations such as :

INJAZ Association

Jordan Exporter Association (JEA)

Chamber of Industry

Design Jordan

Mr. Ghassan Nuqul, Vice Chairman of the Board, represents Nuqul Group in the following associations:

Member of the Advisory Board on Partnership between Private & Public Sector

Vice Chairman of the Jordan Investment Board

Member of the Board of Greater Amman Municipality

Member of the Arab Business Council

Member of the Board of Trustees of the Jordan University of Science & Technology

Member of the Technical and Vocational Education Council

Advisory Board Member of the UNDP/RBAS Higher Education Project

Member of the Board of Trustees of the Society of Friends of Scientific Research at Universities in Jordan

Member of the Board of Trustees of the Arab Federation for the Protection of Intellectual Property Rights

Member of the Board of the National Center for Culture & Performing Arts/ King Hussein Foundation

Member of the Board of Trustees of the Royal Health Awareness Society

Member of the Board of Trustees of the Jordanian Hashemite Fund for Human Development

Member of the Steering Committee of the Global Compact Network in Jordan

5. Profit:

Creating Value for our Shareholders and Stakeholders

Driven by our Aspiration to Become a Responsible Corporate Citizen

Our perspective of the value that our business creates is not only focused on our shareholders, but also extends to encompass the value created for the rest of our stakeholders. While we continuously seek to improve the profitability of our business from a shareholder perspective, we realize that our operations generate significant social and economic impacts for the communities we operate in. From employees to suppliers to the communities themselves our corporate social responsibility (CSR) initiatives serve as the vessel through which we channel stakeholder value in a strategic manner.

Our financial performance is continuously monitored and controlled through practices of prudent and diligent financial management of our revenues and resources, and our profitability is translated through our Enterprise Resource Planning (ERP) system into stakeholder value. This section focuses on our financial performance and the shareholder value vs. the stakeholder value created, while further details about our efforts towards community empowerment are discussed in the section on “People”.

Shareholder Value

We maintain the integrity of our financial statements by complying with the highest financial standards and adhering to the International Financial Reporting Standards (IFRS). Our financial statements are audited by external auditors who produce an annual report for each business unit. As a privately owned business these reports are not publically released.

Financial Performance (Million USD)	2009	2010
Revenues	549	602
Payments to Government	3.7	3.6

Since 2009 our revenues grew by 10%. This economic growth trickled down to our stakeholders; allowing us to generate economic value and contribute to the growth of our suppliers, employees and communities, the following section describes the stakeholder value we created in more detail. Payments to government (taxes) are based on estimations of revenues and sales thus slight variance maybe observed on a year to year basis

Stakeholder Value

Local Hiring

We realize that recruiting local workers not only influences the economic growth of the individual, but also extends to the local community through the active economic participation of our employees, and while we do not have an explicit local hiring policy, we always seek to give preference for employment for workers who are native to the location of our operation. Yet we face a challenge in implementing such a recruitment practice in areas with skewed labor demographics, such as some states of the Gulf Cooperation Council (GCC) where businesses are highly dependent upon expatriate workforce, however, we strive to create partnerships with local governments in an attempt to increase the participation of

locals in our workforce and meet or exceed the nationalization percentages mandated by government. In Saudi Arabia we have launched an initiative to train local interns, preparing them for full time jobs after the internship period. The local interns' compensation packages are subsidized between FINE KSA and the Saudi government; in 2010 we have trained 70 interns under this initiative.

Creating Opportunities for Local Suppliers

Although we have no explicit policy supporting local suppliers, we view our suppliers as strategic partners for our growth, and we realize that locally sourced materials and services contribute significantly to the economic growth of local communities. In this sense, a significant proportion of our revenues contribute to the growth of local suppliers and markets.

Proportion of procurement budget spent on local suppliers (%)	2009	2010
	32%	18.2%

As there is no explicit corporate policy for procurement from local suppliers, the percentage of procurement from local suppliers fluctuates depending on the demand and availability of local supplies, Our raw materials for our tissue mill facilities are provided by external suppliers due to the lack of such material locally.

Investing in Local Communities

Other than our indirect contribution to local communities, we also invest directly in the communities where we operate and we seek to leverage our presence through strategically positioned community investment (People Section), moreover we encourage our employees to give back by promoting volunteerism and social interaction with their communities.

	2009	2010
Community Investments (Thousand USD)¹	220	235
% Change in community investments	60% increase	

2011 Commitments

Target

Increase proportion of local procurement by 10%

¹ This includes expenditure on our CSR activities , event sponsorships and Faculty for Factory Program

6. Product:

Integrating Sustainability into our Products

Driven By Our Commitment to Product Quality

As a producer of high quality products for the regional market, we adopt an integrated, customer-focused, product policy which incorporates customer demand with quality, environmental, health and safety perspectives. As we recognize that our products from sourcing to consumption make an impact throughout the life cycle, we look into the overall product value chain from sourcing supplies, to product development, and continuously seek to identify opportunities for the improvement of product performance not only from a customer perspective, but also on the economic, social and environmental levels.

We undertake a proactive, comprehensive approach in risk assessment to determine the potential impacts of our products on the environment and on the health and safety of both our employees and customers and endeavor to mitigate these risks with innovation.

Product Quality

When a consumer purchases a FINE product they can be confident that the product has undergone the most rigorous quality checks available. In addition to our internationally recognized ISO 19001 certification which ensures a quality product for the customer, the Group also adheres to the technical specifications set by the local authorities of the intended market, and internally developed quality standards. Beyond compliance, we engage with local authorities and other business leaders to influence standards and create awareness of best practice for other organizations.

In Jordan and Egypt, Nuqul has adopted the Six Sigma methodology for quality management. This approach, which is based on improving process outputs by identifying and removing errors and inefficiencies, allows us to also systematically think about and embed sustainability in areas such as Safety, Maintenance, Production, Quality, Warehousing, Sales, Purchasing, and other aspects of the product lifecycle. All employees in relevant job roles, (i.e. operations managers, business excellence managers..etc.), have been trained to use Six-Sigma improvement and control tools, ensuring an aligned vision and clear communication of a common end goal – a more sustainable product that meets or exceeds customer expectations, achieved in a sustainable way.

Our Saudi Arabia operations were engaged in implementing the SMWT (Self-Managed Work Teams), which has led to significant cost savings.

Product Life Cycle Assessment

Our approach to product life cycle management guides us to apply interventions to mitigate our impacts throughout manufacturing, packaging, distribution, consumption, and disposal processes.

Product Life Cycle Phase	Nuqul Group Activities
Sourcing raw materials	We use Forest Stewardship Council (FSC) and Program for Endorsement of Forest Certification

	(PEFC) certified products and sources in order to promote sustainable forest management.
Manufacturing	Using the new 3D core technology we minimized the pulp quantities in Diapers (Red Baby and Fine Products) by 20% reducing solid waste generated. Nuqul Tissue products feature the WetPro® process, which allows tissues to dissolve in water; making the product bio degradable. Water used in the production at Nuqul Tissue is treated for reuse in irrigation. The waste generated during production is sold for recycling.
Packaging	The thickness of plastic packaging materials for toilet and facial tissues, kitchen towels, adult briefs and baby diapers has been reduced by 20% by reducing the bags and reels microns.
Distribution	Switching from diesel fueled forklifts to electrical forklifts has reduced dependency on fossil fuels by 40%.
Consumption	Our menthol infused pocket tissues are soothing for cold flu and allergies, allowing for easier breathing. Our lotionized tissues allow for better care of skin Consumers purchasing Nuqul Tissue products are purchasing biodegradable, water soluble materials diverting waste from landfill.
Disposal	We place the Recycle Logo unto our tissue packaging reminding consumers to “please throw the outer packaging into a recycling bin” .

Sustainable Sourcing

Suppliers represent a crucial stakeholder in the life cycle management of the impact of our products. Thus we continuously seek to create partnerships that aim to improve different aspects of our products from a supplier perspective, from improving lead time and supply continuity to reducing financial and environmental costs associated with the transportation of the supplies. Through our partnerships with our suppliers we seek to inspire the adoption of sustainable practices across the supply chain while improving suppliers competitiveness in quality and service provision.

Specific to our operations as tissue producers, we aim to reduce our impact on vegetative cover by committing to using Forest Stewardship Council (FSC) and the Program for the Endorsement of Forest Certification (PEFC) to support responsible forest management. Through such certification schemes we acquire Chain of Custody (CoC) from our suppliers to ensure that FSC/PEFC material is tracked through the production process from the forest to the consumer and through all phases of processing and manufacturing. This measure provides for a guarantee for our customers that all our FSC/PEFC materials are sustainably harvested.

Although we are yet to fully adopt forest certification schemes in our sourcing, we have created a supplier black list indicating suppliers that do not harvest wood products in a sustainable and renewable manner, this list has helped us ensure that all of our pulp supplies come from renewable and sustainable forests.

Percentage of FSC/PEFC certified pulp purchased	2009	2010
	16%	35%

The proportion of FSC/PEFC certified material has increased significantly due to our increased focus on providing products with the least environmental impact, as we are continuously seeking to increase the share of FSC/PEFC pulp material we use aspiring to achieve 100%.

2011 Commitments

Target

Create partnerships with our suppliers to improve the sustainability performance of our products across the supply chain

Increase the proportion of FSC/PEFC certified pulp material by 5%

7. People:

Adding Value to Communities

Driven by our slogan "Growing Together"

Empowering communities has been a motivating value for us from the very beginning, rooted in our philosophy of "Growing Together.", as we view "Growing Together" not only as a statement but a conviction that committing our business to those around us will enhance mutual understanding, trust and partnership.

Our approach to community development is based on strategic thinking and planning, whereby we address contentious needs of the community, after a thorough needs assessment study, with strategic effective actions aiming to sustain the growth of these communities. This approach is evident in our partnerships with various community institutions acting as the mediators between us and the communities we target for development, such collaborations have continuously resulted in significant improvements.

Through our community development activities and partnerships, we hope to create a successful CSR model to be emulated in other areas across the region.

Nuqul Group Micro-Venture Fund

In 2010, and based on the success of our 2007 partnership with Al-Koura District community in Jordan, we established the Nuqul Group Micro-Venture Fund in collaboration with Shabakat Al Ordon, one of our strategic community partners.

The Micro-venture fund offers the capacity building platform for Al Koura entrepreneurs transforming their learnings into winning ventures with impactful and empowering results.

Through this fund, 300 projects were identified to participate in the preparation phase followed by a short listing procedure to identify 60 prospective projects for micro-financing through the fund.

Elia Nuqul Foundation:

The Elia Nuqul Foundation (ENF) was established in 2008 as the Nuqul Family's philanthropic entity focusing on social development initiatives benefitting individuals and local communities within the Hashemite Kingdom of Jordan. The Foundation is governed by a 9 to 12-member Board of Trustees that is comprised of individuals with expertise from the private and civic sectors so they may assist in guiding the Foundation's operational and technical activities in a strategic, sound and transparent manner.

The Foundation operates through two streams of interventions – the Elia Nuqul Scholarship Fund and the Social Entrepreneurship Program.

1. The Elia Nuqul Scholarship Fund aims to encourage the development of youth in Jordan, through access to higher education at universities, community colleges or vocational training centers.
2. The Elia Nuqul Foundation is also an advocate for the development of a sound social entrepreneurship sector in Jordan. ENF creates opportunities for scholars who are interested in transitioning from university life to becoming social entrepreneurs within their designated communities.

Since its establishment in 2010, 23 projects qualified for financing by the venture, with an amount reaching up to 3000 JDs per project, pending on the size and volume. Most of the projects evolved around the production of products from the existing environment such as honey, thyme, soap, mushrooms and dairy products in addition to operational projects offering services to the residents of the area. The new ventures have already started their production employing 60 community residents with a total of 300 direct beneficiaries.

"What confirms the success of this project in achieving our goals is the fact that 80 percent of the projects were initiated and managed by females which strengthens our support to Jordanian women and empowers them to be active participants in the economy of our country."

Ghassan Nuqul-Vice Chainman

Nuqul Group Social Initiatives

Business Unit	Initiatives
Fine Jordan	<ul style="list-style-type: none"> • Fine Jordan partnered with Johns Hopkins University to launch the "Talking Frankly" Initiative to raise awareness amongst students on Adolescent Health • Fine Jordan participated for the second year in a row, in the "women for Peace" fundraiser • Fine Jordan Launched its Ramadan Initiative in cooperation with Tkiyet Um Ali
Fine Egypt	<ul style="list-style-type: none"> • Fine Egypt continued its activities in illiteracy elimination, graduating 260 participants from Al Badrashin city illiteracy elimination program in Egypt
Nuqul Group	<ul style="list-style-type: none"> • Nuqul Group renewed its partnership agreement with Tkiyet Um Ali for the fifth year to aid in efforts to alleviate hunger in Jordan. • Nuqul Group in Collaboration with Shabakat Al Ordon, graduated 275 trained youth graduates of its youth network in Al Koura District • Nuqul Group renewed its partnership with "Faculty forFactory" National Program in Jordan aiming to promote partnership between the private sector and Academia • Nuqul Group established a playground in Al Koura district as part of its community development efforts.

2011 Commitments

Target

Expand Al-Koura Community Development Model into other areas
Sponsor environmentally focused community development projects

Investing in our Human Resources

Driven By Our Trust in Our Human Resources

As a family owned operation; we regard our employees as our family. Thus we always seek to achieve the best for our family members. We continuously aim to attract the best talent and build upon mutually beneficial relationships to ensure personal and professional growth for our employees.

The Human Resources Department at the Head Offices in cooperation with the HR departments at business units are responsible for managing labor at the Business Unit level as well as the Group level. HR departments as such are responsible for organizational design, recruitment, training and career development, performance management, compensation and benefits and succession planning amongst other activities, while our Environment, Health and Safety Department is responsible for ensuring compliance with internal and external health and safety regulations and improving the health and safety working conditions of our employees.

At Nuqul Group we fully abide by the laws and regulations governing employment procedures and labor-management relations in the related country of operations.

	2009	2010
Total Number of Employees	4,323	4,427
Average Turnover Rate	21%	20.7%

Attracting Talent

We realize that the prosperity and continued productivity of our business relies heavily on our workforce, thus we seek to recruit high caliber employees who meet our business needs and embrace the core values of our organization. We implement merit-based standards and procedures for recruitment to select employees who can best fit with the organization. Our standards also ensure equal opportunity for employment across gender, ethnicities and religions.

As we aspire to become the employer of choice where we operate; we apply clear and objective criteria for recruitment and employment. We implement the Hay Job Evaluation system as the framework upon which we analyze our organizational structure, evaluate employees and their roles, define career pathways, develop reward programs and manage our human resources effectively.

Training and Career Development

As the main driver for business continuity and productivity, we believe that the development of employees' capabilities is conducive to our growth and success. Our Performance Development Review (PDR) system is set to evaluate the performance of our employees and define their skill development needs, based on which we identify matching development programs.

Our sustainability strategy is based on a workforce focus, as we believe that the workforce exerts the most influence in promoting the uptake of sustainability within our operations and products and amongst customers and communities. Therefore we aim to use sustainability principles through training,

performance reviews and communication so as to influence the course of development for all our stakeholders towards more sustainable levels.

Average training hours per employee (hours/employee)	2009	2010
	15.97	12.21

The average training hours per employee has decreased in 2010 by 24% due to cut backs in training budget, as we have implemented a cost saving policy in 2010. To compensate for this reduction we have encouraged peer to peer learning, created a training platform based on internal expertise and promoted on-the-job training so as to serve the training needs of our employees while saving costs.

Competitive Benefits and Compensation

We continuously strive to exceed local standards of compensation and benefits to ensure our position in the labor market as an employer of choice. We established our compensation, benefit and salary scale to be competitive for the various locations we operate in. this salary scale is regularly reviewed and updated based on thorough market

Medical Insurance	Club Membership
Children Education	Maternity Leaves
Special Vacation Entitlement	Housing Allowance for expat employees
- Bonus /Profit Sharing/	Company Cars
Production Incentives/ Sales Commissions	Flexible working hours

studies so as to maintain our competitive position and to comply with existing regulations concerning minimum wages. Our entry level minimum wages, across all the business units within the group, are above those regulated in the countries of our operations.

When considering promotions and salary increases we look upon merit and performance of our employees on an annual basis. Our individual performance development system ensures that each employee is supported in his/her personal and professional growth with the Nuqul family.

Our retirement plans vary by country. In countries where retirement plans are required by law, we maintain reserve funds that cover our obligations, while in other countries, employees are enrolled into social security governmental programs or end of service special provisions as provided by the local laws and regulations.

Embracing Gender Equality and Diversity

Our core values provide us with guidance regarding the way we deal with our employees, we always strive to create a work environment that promotes diversity and rejects all forms of discrimination amongst our staff, our business partners and in our employment practices. Our Code of Conduct commands respect of people, culture and traditions, and encourages all of our employees to embrace the

UNGC Principle 6:
Businesses should work towards the elimination of discrimination in respect of employment and occupation

differences arising from gender, age, ethnicity and religion.

We are always seeking opportunities to improve our performance in terms of gender balance in our workforce, and while 30% of our Head Office employees are female, we are aiming to increase this percentage to 45% within the next two years.

Due to the nature of our operations at business units, the percentage of female employees in these locations does not exceed 5%

Percentage of Female Employees (%)	2009	2010
Head Office	42%	31%
Business Units	5%	5%

The percentage of female employees in our Head Office has decreased by 14% from 2009, this is mainly due to a significant increase in the overall number of Head Office staff, while the number of female employees has slightly increased.

In line with our belief in diversity and gender equality, Nuqul Group is a key partner in the Engendering the Public Sphere Project (EPSP) with the Jordanian National Commission for Women (JNCW), Ministry of Labor, Ministry of Planning, the Department of Statistics, and the Danish Center for Information on Women & Gender (KVINFO). In 2010 Nuqul Group in cooperation with the JNCW and KVINFO organized a series of workshops on the importance of gender and diversity integration in the workplace. The workshops targeted HR managers and business women so as to pinpoint means of improving diversity and creating an inclusive and diverse working environment.

Female participation in Workforce (% of total)	2009	2010
All Levels	4.9%	5.3%
Management	9.4%	6.9%

The percentage of female employees in management position has decreased from 2009 levels. This can be attributed to an increase in the overall number of employees in management position, while the number of females occupying managerial positions remained unchanged.

Maintaining Employee Health and Safety

We realize that the well-being and safety of our employees is a top priority. Our occupational health and safety system sets the standard for identifying potential occupational health and safety risks and defining courses of action to be taken to control and mitigate such risks by setting SMART objectives in accordance with the ISO OHSAS 18000 international standards.

Our business units report their health and safety performance on a monthly basis, and a specialized health and safety committee meets to review this performance looking into the nature of health and safety accidents when reported and any violations of regulations so as to recommend potential preventive measures to be taken by the business units.

Occupational Health and Safety	2009	2010
Accident Frequency Rate (accident/100 employee/year)	3.22	1.12
Accident Severity Rate Lost days/100 employee/year)	55.7	30.22

Due to the diligent implementation of our health and safety management systems, we managed to reduce our accident frequency ratio by 65% from our 2009 levels, and our accident severity rate has decreased by 46%.

We believe that awareness is key to preventing and mitigating health and safety risks, and we have set guidelines to ensure that our employees are well aware of the health and safety risks associated with their work. Our employees cannot start working unless they have been provided with a thorough health and safety orientation regarding the necessary precautions, measures and regulations undertaken at the company. Operating machinery will not commence by any employee unless he/she is fully instructed on the health and safety risks that arise from operating the machinery in case.

Moreover, specialized training is continuously provided, and the Maintenance Department alongside the Health and Safety Department has developed clear and simple operation and safety instructions for each machine/equipment based on their instruction manuals. For plant visitors, we ensure the proper selection and use of Personal Protective Equipment (PPE) for their safety.

<p>Ensuring Safe Working Conditions</p> <p>In order to achieve ideal health and safety conditions in our work areas each business unit periodically undergoes testing of workplace environmental parameters such as light, noise, temperature, humidity, and other factors that are relevant to the business. Our Safety Committee ensures that results are within permissible limits, in accordance with local laws and standards. We also carry out annual health checkups for early detection of any health issues, enabling us to promote prevention and control measures as necessary.</p>	<p>Monitoring our Health and Safety Performance</p> <p>In 2008 we developed an Occupational Health and Safety Dashboard to monitor our performance across the Group; which in 2009 covered 90% of our core business units; in 2010 we included one more business unit in Sudan.</p>
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Respecting Human Rights

As an active participant and signatory to the UN Global Compact, we are committed to maintaining a work environment which upholds human rights and condemns any human rights violations, including child labor and all forms of forced or compulsory labor.

We operate in countries supporting the International Labor Organization (ILO), and we are committed to achieving the goals of the

UNGC Principle 1:
Businesses should support and respect the protection of internationally proclaimed human rights

UNGC Principle 2:
Businesses should make sure that they are not complicit in human rights abuses

ILO's article CO29, addressing the concerns regarding all forms of forced or compulsory labor. Furthermore, we comply with all local laws and regulations concerning forced or compulsory labor and we report that we recorded zero incidents of human rights violations in all our operations.

As for labor practices, our internal systems for hiring are based on laws and regulations of the countries we operate in and they are approved by the Ministry of Labor as applicable to each country. These systems in addition to our Code of Conduct and Core Values ensure that all our operations are 100% free of forced and child labor.

UNGC Principle 4:

Businesses should work towards the elimination of all forms of forced and compulsory labor.

Opening Channels of Communication

We believe in open and effective communication between employees and management. And we believe that every member of our family of employees should be heard. For this purpose we have created a formalized suggestion system that allows all our employees across the entire organization to voice out and share their ideas or concerns. We have also established a grievance and appeal system so as to facilitate a fair and timely resolution of any arising disputes. The concerns and issues of our employees are communicated to the highest level of management; the Board of Directors is informed of employees' concerns through continuous reporting and meetings with our CEOs.

UNGC Principle 5:

Businesses should work towards the effective abolition of child labor

We recognize the right of our employees to participate in unions and to negotiate their conditions with management where applicable by law or regulation. For example in Egypt 100% of employees are covered under collective bargaining agreements.

In order to facilitate communication within our family of employees, we hold periodic team and company meetings where we discuss Group matters and assess our Key Performance Indicators (KPIs). The Group also communicates its achievements and ongoing activities through the quarterly Nuqul Group Newsletter, HR Newsletter, official bulletins, and the intranet/web portal. In the event of any major structural or operational changes in the organization, we follow the minimum notice period stipulated by law or bargaining agreement in informing employees of any such changes.

UNGC Principle 3:

Businesses should uphold the freedom of association and effective recognition of the right to collective bargaining

Moreover, we have created an independent and anonymous Hotline Mechanism for employees to report unethical business behaviors, misconducts and anomalies against the Group's Code of Conduct. Hotline cases are directly reported to the Board of Directors. This mechanism was established to overcome the hierarchal barrier to communication of misconduct across all levels.

We will continue to listen and respond to our employees' needs, provide relevant and up-to-date training, competitive salaries, and a safe and healthy environment that nurtures their professional aspirations and personal growth.

Improving Employee Satisfaction

We realize that the productivity of our employees is dependent upon their job satisfaction, and for this reason we strive to ensure that all our employees across all business units are satisfied with their jobs from all aspects.

To enhance the social vibrancy and interaction amongst our employees, we have established a social committee at the Head Office as well as at Business Units. These committees are comprised of zealous and passionate staff members; and are mandated to organize social events such as annual breakfast gatherings, holiday celebrations, sporting events and annual company parties.

We believe that such events create an environment that promotes social interaction beyond work, boosts employee morale and accordingly improve our job retention rate, and in the past 3 years our employee turnover has steadily decreased. In 2010 we conducted an Organization Health Survey which, among other indicators, measured employee satisfaction. Our employee satisfaction index for 2010 measured an average of 70%

2011 Commitments

Target

Decrease turnover rate by 5%

Increase female participation across all our business units by 5%

Reduce Accident Frequency rate and Accident Severity Rate to zero

Improve employee satisfaction to reach 75%

Delivering to our Customers

Driven By Our Loyalty to our Customers

Our core operations have a customer base of over 17,000 customers (For Fine operations and Nuqul Tissue). With this significant customer base, we are committed to delivering products that rise to meet and go beyond our customers' expectations. Our FINE brand has earned its place amongst consumers across the region as the brand of choice for tissue products. We strive to maintain this reputation and honor the trust given by our customers in every product we develop, and we make every effort to understand the needs and demands of our customers through regular communication, customer surveys, quality control and continuous monitoring.

All of our core operations are ISO 9001 certified, ensuring diligent quality management to meet the expectations of our customers. We are complying with regulatory requirements regarding our relationship and communication with our customers, and we always strive to achieve maximum customer satisfaction, guarantee customer health and safety and maintain a continual improvement in our customer service.

Our "Customer Complaint System", which was established in 2008 by our Total Quality Management (TQM) Department, acts as the channel through which we communicate with our customers. The TQM department is responsible for addressing customer complaints by analyzing and benchmarking the

Group’s performance on a monthly basis and implementing corrective and preventive measures to improve customer satisfaction levels.

Delivering the Promise

For the past 50 years, we have continuously delivered the highest quality products and services to our customers across the region, and we constantly seek to improve the customer experience of our products and services and deliver the promise of quality and top performance.

We believe that in order for us to remain competitive in an ever-changing market, we need to create a work environment that nurtures and promotes innovation. Since we created the Quality Day Awards in 2004, we were able to encourage innovation across all our business units in different aspects of their operations, and this has resulted in promoting quality awareness and performance excellence. In 2010 the Quality Day Awards adopted the theme of (Service for Growth); and eleven companies participated in the award. The three finalists were evaluated by an external committee and Fine Jordan achieved the first place for this award for its project on enhancing toilet products quality and image for growth which aimed to enhance the consumer experience of our toilet tissue products.

For 2011, the Quality Day Award theme, “Going Green”, will be based around growing a more sustainable business, requiring Group companies to address pressing environmental, social, and economic challenges that present a risk for our markets. In our next report, we will highlight the winning idea from this event.

Maintaining Customer Satisfaction

We realize that our success as business relies on maintaining a growing customer base across all our markets. Therefore, our Customer Service Section works to ensure that our customers are satisfied with the experience delivered by our products and services. Our Customer Service Section implements several measure for maintaining customer satisfaction; this includes our free call center to address any issues or feedback, regular hospital visits to better understand customer needs from our hygienic products, and the FINE website, which provides product information and serves as a platform for us to interact with our customers.

Customer Complaints	2009	2010
Number of customer complaints	936	993
Average lead time to resolve customer complaints	33	8

The number of customer complaints recorded in 2010 reached 993, which is almost 6% more than that of 2009. This increase is caused by our expansion into new markets. However our average lead time for resolving customer complaints in 2010 was reduced by 76% from 2009 and the repetition frequency for root cause complaints has decreased.

In 2011 we will also carry out a customer satisfaction survey to help us better understand our customers’ needs and how we can respond accordingly.

Customer Health and Safety

The health and safety of our customers as well as our employees is at the top of our priorities. Consumer safety forms an intrinsic part of the quality and value of our products. We realize that our consumers include vulnerable groups including infants, elderly and hospital workers. Thus we always strive to develop products that not only meet the health and safety standard of our markets but also move beyond to deliver security and comfort to all of our consumers.

Our tissue paper line (FINE production line) is the only one in the region to implement a unique sterilization process that ensure 100% eliminations of all germs before packaging, and we are in the process of introducing a new diaper product with lotion so as to decrease the risk of irritation and rashes among infants

In FINE Egypt we were able to reduce the quantity of glue used in diapers by 40% with the introduction of our Sure Wrap units to aid in fastening the diaper. Our Signature units reduce the accumulation of adhesive on specific parts of the diaper.

Lastly, to further minimize the glue used in our diapers we introduced Ultrasonic units in constructing the leg cuffs on the diaper, thus completely eliminating the use of glue in this area.

2011 commitments

Target

Reduce the number of justified customer complaints by 15%

Reduce average lead time for resolving customer complaints by 30%

8. Planet:

Preserving nature for future generations

Driven By Our Commitment to Creating a Better Future

UNGC Principle 7:

Businesses should support a precautionary approach to environmental challenges

We realize that as we grow and expand our business globally, our environmental impact becomes of greater significance; and as a responsible business we acknowledge our accountability for mitigating those impacts and preserving natural resources not only

for our present production needs but also for the future growth of our Group and the best interest of future generations.

Our General Standard Manual (GSM) outlines our approach in managing our environmental impacts. The GSM integrates the different aspects of management including quality performance, environment and health and safety, while our Group policies ensure that we comply with internationally accepted environmental standards (ISO 14001, and International Environmental Agreements and Protocols) as well as local environmental laws and regulations.

We identified the following as the key environmental areas to manage:

- Water usage and treatment
- Energy use and emissions
- Materials consumption, waste, and pollutants
- Our internal environment

Our Integrated Management System (IMS) sets procedures for the identification of key environmental risks and aspects for our operations across all business units. These procedures guide all business units to identify objectives, set controls and monitor performance towards improving our environmental impact. In accordance with this IMS each business unit developed its own list of environmental aspects and an action plan to mitigate environmental impacts as prescribed in the ISO 14001 Standards. Additionally, a steering committee presided by the General Manager or Chief Area Officer at each Business Unit is mandated to monitor environmental performance through regular management review meetings.

Environmental Awareness and Compliance at Nuqul Group

Each business unit at Nuqul Group is responsible for ensuring its employees are aware and trained to adhere to the IMS Policy. Training is provided as part of our employee orientation and is reinforced through reminders in key locations throughout the workplace.

Our standards and expectations are clearly communicated and available to the public through the website, brochures, and other platforms.

Our commitment to environmental responsibility is shared throughout the company and any challenges are addressed at Management Review meetings, Strategy meetings, and monthly staff meetings. This ensures that relevant issues are integrated into decision making processes.

We guarantee compliance with the most current legislation by requiring each business unit to identify the legal and best standards that are applicable to the operation, and log the information accordingly. Companies must ensure that the log is periodically reviewed and updated to ensure compliance with the latest applicable legal and environmental requirements.

Lastly, we ensure compliance by undergoing third party audits based on ISO 14001.

Promoting Environmental Stewardship

UNGC Principle 8: business should undertake initiatives to promote greater environmental responsibility

Business Unit	Best Environmental Practices	
Nuqul Tissue	Jordan	<ul style="list-style-type: none"> Process water is sent to a treatment unit and the treated water is used for non-produce agriculture A heat and power co-generation plant has been installed to increase the energy efficiency of the production process
	Egypt	<ul style="list-style-type: none"> 100% of Pulp purchased comes from suppliers that ensure sustainable forest management. Several six Sigma projects are conducted on the operational level to reduce energy consumption Process water is re-entered into production process to reduce water consumption
FINE Hygienic Paper	Dubai	<ul style="list-style-type: none"> As part of the commitment to waste reduction, Fine Dubai integrated this commitment into the staff Key Performance Indicators so as to promote a paradigm shift amongst its employees towards sustainable living and operation Paper use reduction wherein more controls are put into place to ensure that paper consumption is reduced. The initiative has been documented through <i>Paper Cutting Procedure (FHP-HRAD-PCP.1)</i>. For 2010, paper consumption has been reduced to 73 reams from 100 reams per month, which is 27% saving. Fine Dubai participated in the <i>Million Tree Campaign by Emirates Environmental Group</i> by planting 10 saplings of Acacia, Neem & Ghaf around the Jebel Ali facility.
		<ul style="list-style-type: none"> Sales and Marketing Department continues to encourage carpooling amongst employees to reduce Greenhouse Gas (GHG) Emissions
	Jordan	<ul style="list-style-type: none"> A Forest Cleaning Campaign was Organized by Fine Jordan to reflect commitment to the preservation of nature A tree planting campaign was organized in cooperation with the Arab Group for the Protection of Nature, where by 1000 trees were planted in Al-Rusaifeh Area in Jordan
	KSA	<ul style="list-style-type: none"> Several energy cost saving programs are conducted, moreover, energy frequency drives are being installed where possible
<ul style="list-style-type: none"> All Business Units Implement ISO 14001 Environmental Management Standards and are ISO 14001 Certified The majority of our production waste is sold to third party contractors as raw material to reduce the volume of waste sent to landfill. All our pulp material is sourced from renewable forests as certified by local authorities and third party at supplier locations All our business units conduct regular energy and water efficiency audits. 		

As part of our commitment towards improving our environmental performance we are working to integrate performance measures, to be reported and monitored on a monthly basis, into the systems of

all our business units. For the purposes of cost monitoring, material and energy inputs and production outputs are monitored regularly; and we are building upon such monitoring in an effort to create the awareness across all our business units regarding the connection between environmental stewardship and cost savings. For the year 2010 all of our core business units have integrated Environment, Health and Safety Measures into performance dashboards.

Managing Our Environmental Performance

Water Consumption

Some of the countries we operate in are characterized with a significantly low supply of water which if not managed efficiently will affect our productivity on the short and long terms. Furthermore, we realize that our operations not only affect the water supply for our production but would also do so for the communities we serve.

UNGC Principle 9:
Businesses should encourage the development and diffusion of environmentally friendly

As we aspire to become a responsible corporate business, we do our best to preserve existing water resources for our operations as well as our stakeholders. Water efficiency has become a priority for us and we continuously explore and implement new ways to reduce our water consumption and conserve this precious resource.

Nuqul Tissue Mills require a significant volume of water for pulp processing. To reduce this consumption several measures were implemented to optimize the process. For example Al-Keena Mill achieved a reduction of 55% in water use per ton product without compromising the quality of our product, furthermore several of our business units send process water into treatment units, whether company owned or government owned, to reduce the impact of our liquid effluent

Total Water Consumption (m ³) ²	2009	2010
	1,204,341	1,148,124

We were able to reduce water consumption at Nuqul Tissue by 5% from 2009 levels; this reduction was achieved through continuous efforts to improve water efficiency and reduce leakage across all our business units.

Energy Consumption

As we expanded our business and operations within the region over the past three years our energy consumption levels have increased, in 2010 our energy consumption increased by 5.5% and this is mainly due to an increase in production by an average of 10% to meet increasing market demand.

Energy Consumption ³	2009	2010
Total Electricity Consumption (KWh)	150,658,852	158,870,000
Total Fuel Consumption (MJ)	1,700,434	1,865,950

²Total water consumption includes data from Nuqul Tissue operations only

³ Energy Consumption for Nuqul Tissue Facilities and FINE in Jordan, Egypt, UAE and KSA

We use fuel directly for our operations to run our production equipment as well as provide space heating services, the Fuel types we use vary, depending on the location of our operation. For example in Egypt we use Natural gas, while in Jordan, our Nuqul Tissue facilities use a mix of heavy fuel oil, LPG and Kerosene. The majority of our distribution fleet runs on diesel, hence the significant consumption of diesel in our operation. Our fuel consumption for both operation and transportation has increased by 9% from 2009 levels; this is attributed to the increase in production for the same year.

GHG Emissions

We recognize that our core business units contribute to global warming through the emission of Greenhouse Gases (GHG). Our operation, whether in terms of production or distribution, emit GHGs mainly due to the direct and indirect consumption of energy. It is therefore vital that we do our part in minimizing our emissions and carbon footprint in our operations and daily lives.

We implemented several measures across all our business units to reduce GHG emissions resulting from our operations. For example in Nuqul Tissue Jordan we have installed a Heat and Power Co-generation plant aiming to increase the energy efficiency of our operation, thus reducing the amount of GHG emitted.

GHG Emission (Ton CO ₂ Equivalent) ⁴	2009	2010
From Electricity Consumption	105,974	112,806
From Fuel Consumption (Operation and Transportation)	113,252	124,101
Total	219,226	236,906

In 2010 our GHG emissions have increased by 8% from the 2009 levels, which is caused by an increase in the production activities of our operations and thus an increase in the use of electricity and fuel for production as well as an increase in the use of vehicle fuel for our distribution fleets.

Material Consumption

Our operations depend heavily on the availability of natural resources, not only in terms of water and energy, but also the raw material we use for our production for tissue paper. We realize that our consumption of wood pulp as raw material has a significant impact over the environment, and we recognize all the environmental risks associated with our operation from desertification to loss of biodiversity.

For this reason we acknowledge our environmental responsibility and we make every effort to use raw material efficiently, not only realizing monetary gains but also preserving natural resources for the generations to come.

Pulp Material Consumption (Tons) ⁵	2009	2010
	133,040	153,226

⁴ GHG emissions for Nuqul Tissue and FINE in Jordan, Egypt, KSA and UAE

⁵ Pulp Material Consumption in Nuqul Tissue Facilities

Our material consumption has increased by 15% since 2009 which is due to the increase in production, however our fiber yield for our Nuqul Tissue Facilities is set around the best practice of 1.06%, and we are always working towards further improvement to increase the efficiency of raw material use at our business units.

As for our FINE production units, savings in raw materials have constantly been encouraged. For example in FINE Dubai, a reduction in outer carton grammage from 475 to 430 gm has been achieved. Also, grammage of printed boxes was reduced from 350 to 300 gm, accounting for 14.29% reduction in material use. Moreover plastic packaging was reduced from 65 to 55 microns, contributing to an increased environmental value of our products.

Waste Management

We realize that waste represents an opportunity to reduce cost, not only for our operations, but also for all of our stakeholders, and we have implemented waste management systems across all of our business units including new technologies and process optimization measures to minimize our production waste and increase the efficiency of our operations. Moreover, we have established waste management partnerships across all of our business units, selling the majority of our production waste to contractors as raw material, thus reducing waste sent to landfill and the impact of waste on our stakeholders.

Total Production Waste (Tons)	Source	2009	2010
Nuqul Tissue Facilities	Finished Goods Waste	1,855	770
FINE Facilities	Packaging, Tissue and Diaper Production	5,066	5,142
Total		6,921	5,912

In 2010 we achieved a reduction of 15% in total waste from our 2009 levels; Nuqul Tissue achieved a reduction of almost 60% from 2009 levels

2011 commitments

Target

Reduce water consumption rate by 5%

Reduce energy consumption rate by 5%

Reduce GHG emission by 5%

Reduce material consumption by 5%

Reduce production waste by 20%

2010 Performance Snapshot

Key Performance Indicator	Unit	2010
Governance		
Percentage Of Independent Directors In The Board Of Directors	%	29%
Number of core business units integrating EHS aspects into their	%	100%
Environment		
Total Water Consumption (for All Business Units)	Cu.m	1,254,584
Water Consumption Per Employee	Cu.m/employee/year	259.3
Water Consumption Per Unit Revenue	Cu.m/1000 USD	2.08
Total Electricity Consumption	MWh	258,552
Electricity Consumption Per Employee	MWh/employee/year	35.9
Electricity Consumption Per Unit Revenue	MWh/1000 USD	0.43
Total Fuel Consumption	MJ	1,877,057
Energy Consumption From Fuel Per Employee	MJ/Employee/year	421.5
Energy Consumption From Fuel Per Unit Revenue	MJ/1000 USD	3.12
Total GHG Emissions	Ton CO₂-e	295,289
GHG Emissions Per Employee	Ton CO ₂ -e/employee/year	59.6
GHG Emissions Per Unit Revenue	Ton CO ₂ -e/1000 USD	0.49
Total Production Waste Generated	Ton	6,776
Waste To Raw Material Ratio	%	4%
Waste Per Employee	Ton/employee/year	1.33
Percentage of FSC/PEFC Pulp Purchased	%	29.2%
Human Resources		
Total Number of Employees		4186
Average Training Hour Per Employee	hours/employee	12.21
Percentage Of Female Employees	%	5.3%
Percentage Of Female Employees In Management Position	%	6.9%
Turnover Rate	%	20.7%
Product Responsibility		
Number of customer Complaints		993
Average Lead Time to Resolve Customer Complaints	Days	8
Health and Safety		
Accident Frequency Rate	Accidents	1.20
Accident Severity Rate	Days	28.10
Economic Responsibility		
Percentage Of Procurement Budget Spent On Local Suppliers	%	18.2%
Total Spent on Community Investments	Thousand USD	235

Performance Comparisons

Key Performance Indicator	Unit	2009	2010
Number of Independent Board Members	Numerical	2	2
Number of Core Business Units Integrating EHS Aspects into Performance Dashboards	Numerical	8	15
Total Water Consumption (Nuqul Tissue Only)	M ³	1,204,341	1,148,124
Total Electricity Consumption ⁶	KWh	150,658,852	158,870,000
Total Waste from Paper and Diaper Manufacturing	Ton	6,901	5,912
Total Greenhouse Gas (GHG) Emissions (Nuqul Tissue and Fine (Jordan, Egypt, KSA and UAE) ⁷	Ton CO ₂ Equivalent	219,226	263,990
Total Revenues	Million USD	549	602
Payment to Government (Gross Taxes) ⁸	Million USD	3.7	3.6
Percentage of Procurement Budget Spent on Local Suppliers ⁹	%	32%	18.2%
Community Investment	Thousand USD	220	235
Total Employees	Numerical	4,323	4,427
Percentage Women Employees	%	4.9%	5.3%
Percentage Women Employees in Management Positions ¹⁰	%	9.4%	6.9%
Turnover Rate (% of Total Employees)	%	21%	20.7%
Average Training Hours per Employee ¹¹	Hour	15.97	12.21
Accident Frequency Ratio (AFR) - (for Nuqul Tissue and FINE in Jordan, Egypt, KSA and UAE)	incidents	3.22	1.12
Accident Severity Rate (ASR) - (for Nuqul Tissue and FINE in Jordan, Egypt, KSA and UAE)	Days	55.7	30.22
Incidents of Human Rights Violations	Incidents	0	0
Number of Customer Complaints ¹²	Numerical	936	993
Average Lead Time to Resolve Customer Complaints	Days	33	8
Percent of Wood/Pulp Products that are FSC/PEFC Certified (Nuqul Tissue Only)	%	16%	35%

⁶ Electricity consumption increased by 5% from 2009 due mainly to increase in production and minor inefficiencies in older machinery

⁷ Total GHG emission increased by 20% due to increased production and thus increased consumption of electricity for operations and increased consumption of fuel for operations and transportation.

⁸ Payments to government (taxes) are based on estimations of revenues and sales thus slight variance maybe observed on a year to year basis

⁹ As we are yet to develop an explicit local procurement policy, the proportion of spending on local suppliers fluctuates based on the availability of supplies on the local level. In 2010 this proportion has decreased due to a decrease in the availability of the required supplies, mainly spare parts, in local markets

¹⁰ Percentage of women in management position has decreased from 2009 due to an increase in the overall number of employees in management position, this increase was not accompanied by an increase in the number of female employees in management, in fact the number has remained the same from 2009.

¹¹ Average number of training hours per employee has decreased due to a decrease in the training budget as we have implemented a cost savings policy in 2010

¹² The number of customer complaints has increased in 2010 by 6% due to expansion into new markets, however it should be noted that the repletion in root cause complaints has increased and the reaction time to solve customer complaints has decreased by 75 percent.

UN GLOBAL COMPACT COMMUNICATION ON PROGRESS INDEX

Principle	Page(s)			
	Commitment	System	Action	Performance
Principle 1: businesses should support and respect the protection of internationally proclaimed human rights	25-26	25-26	25-26	25-26
Principle 2: businesses should make sure that they are not complicit in human rights abuses	25-26	25-26	25-26	25-26
Principle 3: businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining	26	26	26	26
Principle 4: businesses should support the elimination of all forms of forced and compulsory labor	25-26	25-26	25-26	25-26
Principle 5: businesses should support the effective abolition of child labor	25-26	25-26	25-26	25-26
Principle 6: businesses should support the elimination of discrimination in respect of employment and occupation	23	23-24	23-24	24
Principle 7: businesses should support a precautionary approach to environmental challenges	30-34	30	30-34	30-34
Principle 8: businesses should undertake initiatives to promote greater environmental responsibility	17-19, 31	17-19, 31	17-19, 31	17-19, 31
Principle 9: businesses should encourage the development and diffusion of environmentally friendly technologies	17-19, 32-34	17-19, 32-34	17-19, 32-34	17-19, 32-34
Principle 10: businesses should work against corruption in all forms, including extortion and bribery	8	8	8	8

Report Parameters

Determining our Priority Issues: We have undertaken a systematic process for identifying the company's priority sustainability issues. We have applied each of the principles for defining report content.

Materiality: We considered and believe we have covered all topics (and included associated indicators) that reflect the organization's significant economic, environmental, and social impacts, or that would substantively influence the assessments and decisions of stakeholders. This includes main issues raised by stakeholders, issues reported on by our peers, standards and guidelines including the GRI G3 Reporting Guidelines

Stakeholder inclusiveness: We considered and believe we have identified all of our key stakeholders and have outlined how we engage them, our understanding of their interests and expectations, and how we have responded.

Sustainability context: We considered our sustainability context, taking into account global trends towards sustainability but also considering regional and local contexts in which we operate. In some cases we point out the different priorities among these contexts, and how we try to best address these issues from multiple perspectives.

Ensuring Quality of Reporting

Balance: We believe this report presents both the positive aspects of our performance, as well as areas requiring significant improvement.

Comparability: Wherever possible we have provided year on year data, and have attempted wherever possible to follow the GRI Indicator Protocols in order to facilitate comparison of our report against industry peers and other companies practicing sustainability. Accuracy: We have aimed for maximum accuracy. Where estimations or other limitations to the data are involved, this is identified.

Clarity: Sustainability is a relatively new concept in our region and we have made an effort to provide introductory information where useful to facilitate reader understanding of the report content.

Assurance: This report will not be assured by a third party.

We welcome your feedback on this report and all comments or suggestions can be sent to:

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